

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-04 CEA-01 L-03 PA-01 PRS-01 /099 W  
-----220611Z 002589 /23 10

R 191854Z JAN 77

FM AMEMBASSY MADRID  
TO SECSTATE WASHDC 8696  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY THE HAGUE  
AMEMBASSY LISBON  
AMEMBASSY LONDON  
AMEMBASSY OSLO  
AMEMBASSY PARIS  
USMISSION NATO  
USEC BRUUSELS UNN  
USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ELAB, EFIN, EGEN, SP

SUBJECT: VIEWS OF MINISTER OF LABOR

1. I CALLED ON MINISTER OF LABOR ALVARO RENGIFO CALDERON  
ON JANUARY 19, ACCOMPANIED BY THE LABOR ATTACHE. HE  
COMMENTED AS FOLLOWS ON THE GENERAL ECONOMIC AND LABOR

SITUATION.

2. IN ANSWER TO MY QUESTION WHETHER THE GOVT MIGHT MAKE  
SOME ECONOMIC REFORM MOVES BEFORE THE ELECTIONS, RENGIFO  
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STATED THAT SOME SHORT TERM MEASURES WOULD LIKELY BE  
TAKEN IN FEBRUARY. THEY WOULD BASICALLY INVOLVE INJECTION  
OF PUBLIC FUNDS INTO THE ECONOMIC FOR THE PURPOSE OF  
CREATING MORE JOBS. THE PRIVATE SECTOR, HE NOTED, HAD  
BEEN VERY TIMID WHEN TO INVESTMENT. WHAT WAS  
NEEDED IN THE LONG,

HOWEVER, WAS AN AUSTERE PROGRAM TO COPE WITH INFLATION. IN THAT CONNECTION, HE EXPRESSED THE OPINION THAT THE COST OF LIVING INDEX WAS MISLEADINGLY A BIT ON THE HIGH SIDE (PERHAPS TOO MUCH GEARED TO MIDDLE OR EVEN UPPER MIDDLE CLASS SPENDING HABITS), BUT THAT WAS A SACROSANCT OPERATION AND THE LABOR MINISTRY MIGHT BE ACCUSED OF TAMPERING SHOULD THEY TRY TO REVISE THE CURRENT BASIS OF CALCULATIONS. FINANCIAL REFORM, SAID RENGIFO, WAS A LONG TERM PROBLEM WHICH WOULD HAVE TO BE STRETCHED OUT OVER TWO OR THREE YEARS.

3. RENGIFO ADMITTED THAT GOVT EFFORTS TO ADMIT WAGE INCREASES TO COST OF LIVING INCREASES OF 20 PERCENT IN 1976) PLUS A POINT OR TWO WERE FOUNDERING. COMPANIES THAT COULD AFFORD IT WERE UPPING THE ANTE, AND THE INCREASES IN RECENT COLLECTIVE BARGAINING AGREEMENTS (CBA) WERE AVERAGING ABOUT 30 PERCENT. I MENTIONED THE STRIKE PROBLEMS FORD ESPANA IN VALENCIA WERE HAVING IN NEGOTIATING THEIR CBA. THE MINISTER EXPRESSED THE VIEW THAT THE FORD MANAGEMENT OFFER WAS A GOOD ONE, AND THAT A HANDFUL OF LOCAL TRADE UNIONISTS WERE MAKING TROUBLE "FOR POLITICAL REASONS."

4. REPLYING TO MY QUESTION REGARDING THE FUTURE SCOPE OF OPERATIONS OF THE LABOR MINISTRY FOLLOWING ELECTIONS, RENGIFO SAID THAT IT WOULD BE PLAYING A MUCH LESS DIRECTIVE ROLE IN LABOR-MANAGEMENT RELATIONS. AS HE SAW IT, THE RESULTS OF FREE COLLECTIVE BARGAINING WOULD PREVAIL. IT WAS ALSO APPARENT, HE ADDED, THAT IF THE GOVT WERE TO PROVIDE ADEQUATE SOCIAL SECURITY PROTECTION TO WORKERS, THERE WOULD BE LIMITED OFFICIAL USE

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HAD TO BE A TIGHTENING OF THE TAX SYSTEM.

5. IN CLOSING, I TOOK THE OPPORTUNITY OF PRESENTING TO THE LABOR MINISTER THE U.S. DEPARTMENT OF LABOR BICENTENNIAL HISTORY OF THE AMERICAN WORKER (DAVEY MEMORANDUM OF NOVEMBER 29 TO ALL LABOR ATTACHES), FOR WHICH HE EXPRESSED MUCH APPRECIATIONS. STABLER

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, EMPLOYMENT, DIPLOMATIC DISCUSSIONS, ECONOMIC PROGRAMS  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** VIEWS OF MINISTER OF LABOR  
**TAGS:** ELAB, EFIN, EGEN, SP, (RENGIFO CALDERON, ALVARO)  
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**Type:** TE  
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**Review Markings:**  
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